

21
~~SECRET~~

Bolivia: President Weathers Initial Crises [REDACTED]

Interim President Gueiler has adroitly met two major political challenges and has implemented long overdue economic reforms. Having thus enhanced her leadership credentials, she may now stand a better chance than have recent predecessors of presiding over scheduled elections. Nonetheless, Gueiler will continue to contend with inveterate military coup plotters and querulous political factions. [REDACTED]

The President must work with key military commanders who are hostile to civilian government but whom she cannot replace without risking a coup. Characteristic of the military opposition, Gen. Luis Garcia Meza Tejada presented the interim government with its first challenge by leading conservative officers to reject a Gueiler-chosen high command. Defusing the situation through compromise, Gueiler replaced her Army commander with one more acceptable to the Garcia Meza group but stood firm on her other choices. Nevertheless, Garcia Meza continues to be at the center of numerous coup rumors, and he epitomizes Gueiler's dilemma: how to formulate policy decisions without antagonizing the conservatives in the military who distrust the democratic process and are capable of disrupting it. [REDACTED]

Gueiler precipitated a second challenge to her administration by implementing a necessary, but politically unpopular, economic austerity program--including a 25-percent devaluation of the peso and price increases for certain key goods and services. These measures secured needed financial assistance from the International Monetary Fund but also sparked violent domestic reactions. By utilizing her friendship with key labor leader Juan Lechin to help calm militant labor and peasant groups, Gueiler avoided a major crisis. She compromised on some price increases but did not jeopardize the basic stabilization program. New increases or attacks on the economic package by the opposition could, however, threaten the domestic calm. Militant peasant groups have already hinted at a return to violence if government compromise measures are not upheld. [REDACTED]

4 January 1980

Approved for Release

~~SECRET~~

FEB

2000

b(1) b(3)

~~SECRET~~

If the promised election later this year is to succeed, Gueiler must now address basic issues crucial to the process. She has proposed general elections, but many congressmen--who took office only last summer--oppose the idea. Gueiler must also work with Congress to establish clearer criteria for the selection of a new chief executive to serve a full four-year term; ambiguities in the law contributed to the disruption of the last election. A prolonged deadlock would endanger the timetable for the 1980 contests and could also prompt further coup plotting by hostile military elements.

[REDACTED]

4 January 1980

6
~~SECRET~~